

STATEMENT OF  
SUSAN GAFFNEY, HUD INSPECTOR GENERAL

BEFORE THE  
SUBCOMMITTEE ON VA, HUD, AND INDEPENDENT AGENCIES  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES HOUSE OF REPRESENTATIVES

March 27, 1996

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to present Office of Inspector General (OIG) views on the reinvention of the United States Department of Housing and Urban Development (HUD). I appeared before this Subcommittee 14 months ago on the same subject, and want to express my strong belief in the importance of your periodic oversight hearings in keeping HUD and the Congress focused on better using federal resources to address our nation's critical housing and community development needs.

My testimony this morning will recap the significance and nature of HUD's program delivery problems in January 1993, provide a chronology of reinvention activities since January 1993, and assess progress, barriers and continuing needs related to HUD's reinvention efforts.

SIGNIFICANCE AND NATURE OF HUD'S PROGRAM DELIVERY PROBLEMS

By January 1993, HUD had evolved into a relatively small agency, with a large, complex program structure that significantly impacted most American communities and the lives of millions of low- and moderate-income persons. With a staff of fewer than 13,000 persons, HUD administered over 200 programs that included: \$379 billion of housing mortgage insurance-in-force; \$422 billion of mortgage-backed securities; \$100 billion of long-term housing/rental subsidy contract commitments; \$90 billion of investment in public housing facilities; \$22 billion of unexpended appropriations for prior year program obligations; \$14 billion of HUD-held financial and real estate assets; and \$25 billion in annual appropriations for continued and new program efforts.

In OIG's March 31, 1992 Semiannual Report to Congress, we discussed our perspectives on the "top 10" management problem issues facing HUD at that time. These "top 10" issues included 3 systemic weakness areas -- resource management, data systems and the management control environment -- and 7 program specific problem areas. These problem areas were generally acknowledged by HUD management, the Office of Management and Budget, and the General Accounting Office. A listing and description of

these "top 10" issues is appended to my statement.

In January 1993, President-elect Clinton's Transition Team reported that the new HUD Secretary-designate needed to address HUD's longstanding systemic management problems, and redefine HUD's mission for the 1990's. The Transition Team's "HUD Briefing Book" described that HUD "has evolved into a series of individual programs lacking either a comprehensive theme or a unifying approach." They went on to state that "The next Secretary must face the sad truth that HUD currently lacks the capacity on its own to pursue the strategy that offers the possibility of greatest reward: concentrating a comprehensive effort on individual struggling communities, addressing housing, employment and service problems concurrently." However, they called for a "new mission and focus" which "must unite the Housing and the Urban Development portions of the agency into a coordinated instrument capable of leading the effort toward achieving the central goals of the Clinton-Gore mission toward America's communities."

The Transition Team acknowledged that the new Secretary-designate's challenge to improve HUD's management and mission "must be accomplished during a period of scarce resources." They recommended that the new Secretary proceed simultaneously to:

- Immediately assemble an interim team of management experts to assess the condition of the agency and its systems, and to design a work-out plan to address the systemic failures endemic within the agency, and
- Undertake a comprehensive review of the agency's housing and urban development expertise so as to address the needs of America's communities in a comprehensive fashion.

## CHRONOLOGY OF REINVENTION ACTIVITIES

Secretary Cisneros and his management team have undertaken a number of reinvention activities from the on-set of their administration. Reinvention ideas and actions have come from the Office of Management and Budget (OMB) and the Congress, as well. While I describe some of the more significant reinvention activities of the past 3 years, it is important to note that these various activities were not always coordinated or necessarily compatible with each other.

### The Reinventing HUD Initiative and National Performance Review

In February 1993, Secretary Cisneros appointed a Reinvention Task Force with subgroups consisting of a Policy Redesign Task Force and a

Management Excellence Team. The groups were tasked "to help redefine HUD's mission and to identify improvements in the delivery of program services." A Departmentwide process was undertaken to support this effort, and extensive input was obtained from HUD headquarters and field staff, as well as outside stakeholders in HUD programs. Much of this input was not seriously considered or acted upon, but the following outcomes did evolve from HUD's initial reinvention efforts:

- Establishment of the new administration's first year and long-term priorities for HUD. This was done through an October 1993 publication entitled "Creating Communities of Opportunity." This document defined HUD's general mission, established the Secretary's 6 mission priorities, listed the Clinton Administration's 5 community empowerment principles, and presented program area plans and priorities, as well as general plans to address crosscutting priorities and needed management improvements. The Secretary's 6 mission priorities consisted of:
  - Reducing the number of homeless Americans,
  - Making public housing a source of pride to communities,
  - Expanding housing opportunities for low- and moderate-income people,
  - Opening housing markets to minorities,
  - Empowering communities to transform neighborhoods, and
  - Bringing excellence to HUD management.
- A December 1993 announcement of a planned reorganization to replace HUD's matrix management field office structure with autonomous "program cylinders."

Vice President Gore's National Performance Review (NPR) ran concurrent with HUD's initial reinvention activity, and the NPR was instrumental in decisions to eliminate HUD's regional management layer, and to reduce HUD staff by 1,500 as HUD's share of a promised governmentwide staff reduction.

### The NAPA Study

In September 1992, Congress mandated a study of HUD by the National Academy of Public Administration (NAPA), to include HUD's human resource

requirements and management, financial management, systems integration, and resource estimation capabilities. HUD contracted with NAPA for the study in April 1993. The timing of NAPA's review afforded them the opportunity to assess the adequacy of the Cisneros Administration's initial reinvention plans as part of their study.

NAPA's July 1994 final report on "Renewing HUD: A Long-Term Agenda for Effective Performance" provided 70 recommendations for improving HUD's program delivery structure and management. Some of NAPA's more significant concerns included:

- The need to address program overload at HUD. NAPA concluded that "No amount of system repair could cope with expectations that exceed this department's capacity, no matter how well it is managed." Instead of having between 150 to 200 separate programs that it can't effectively manage, NAPA recommended that HUD's program structure be reorganized to not more than 10 flexible programs.
- The need to better align HUD's organizational structure with its stated mission. In this regard, NAPA concluded that "The new HUD organization, in which all authority moves along program lines and there is no local decisionmaker to integrate HUD's work in communities, is unlikely to advance HUD's stated mission of creating communities of opportunity." NAPA recommended that HUD take a hard look at the functioning of its new structure, and maintain a flexible attitude to change course as necessary.
- The need to sustain management leadership and a long-term institution-building agenda. NAPA concluded that "Institution-building takes longer than a single presidential term or the typical tenure of departmental leadership in the federal government, especially when the tasks are as complex and far reaching as those required at HUD." They recommended that HUD develop a comprehensive five-year agenda for capacity building, and that Congress establish a long-term under secretary for management position and institute an annual review process.

While NAPA was generally supportive of Secretary Cisneros' proposed mission focus on communities, they concluded that: "The challenge remains, however, as to how to rewrite legislation, organize federal structures, and maintain proper stewardship of tax dollars while effectively serving the nation's communities." NAPA further expressed its opinion that: "If after five years, HUD is not operating under a clear legislative mandate and in an effective, accountable manner, then the Congress should seriously consider dismantling the department and

moving its core programs elsewhere."

### The Transformation of HUD Report

In September 1993, the Senate Appropriations Committee directed HUD to focus its attention on "executing substantial program consolidation and simplification" on an identified inventory of 206 program activities. The Committee -- which was also overseeing the NAPA study -- was concerned with the complexity and scope of HUD's program inventory.

In May 1994, HUD responded to the Committee in a report entitled "The Transformation of HUD." HUD's report was not very responsive to the Committee's request. It was not comprehensive or specific in providing HUD's intended actions on each of the 206 program activities listed in the Committee's request. In addition, the report discussed 13 new program initiatives that appeared to compound rather than simplify HUD's overall program structure.

### OIG Study of HUD Programs

In September 1994, the Secretary requested the OIG to conduct an independent study of opportunities for eliminating HUD programs. OIG's December 1994 "Report on Opportunities for Terminating, Consolidating and Restructuring HUD Programs" covered 240 active, inactive and custodial program activities on the books of HUD, and provided 34 major change options, the most drastic of which would reduce HUD to only 7 programs. The following postulates served as the underlying bases for OIG's 34 suggested change options:

- Capacity and budget limits dictate that HUD limit its focus to its core housing and community development mission.
- Program reductions are needed to alleviate administrative burdens on HUD and HUD's community partners.
- Comprehensive market analysis and community planning is key to better allocating scarce resources to highest needs.
- Greater local program flexibility and decision making is needed to better address local housing needs.
- Local performance incentives are needed to strengthen community commitment, accountability and results.
- HUD's limited assistance resources should be better targeted to

improve problem performers and program results.

Further details on OIG's suggested program restructuring options are provided in Appendix 2 of my statement.

#### HUD's Reinvention Blueprint

On December 19, 1994, HUD issued a "Reinvention Blueprint" document, calling for a major restructuring of its program base and delivery systems, with the following major components:

- Consolidate Programs and Move to Performance-Based Funding This component would consolidate 60 existing programs into three flexible performance-based funds, including:
  - A Housing Certificate Fund (HCF) for Families and Individuals,
  - The Affordable Housing Fund, and
  - The Community Opportunity Fund.

These Funds would require a responsible devolution to states and localities, with a program design emphasis on: community-wide planning, local accountability, performance measurement, bonus funding and sanctions, and a revised HUD role of assistance and general oversight.

- Transform Public Housing  
This component -- more popularly referred to as the "vouchering-out of public housing" -- would transition existing public housing away from federal project-based subsidies to competitive market forces where they have to compete for the business of low-income housing voucher holders.
- Create an Entrepreneurial, Government-Owned FHA Corporation  
This component would streamline and modernize the Federal Housing Administration (FHA) as a separate more business-like entity under HUD's general oversight. The new corporation would consolidate existing insurance program authorities into two general flexible authorities for single and multi-family housing. The new corporation would be responsible for restructuring its existing multifamily housing portfolio in a process referred to as "marking-to-market."

HUD's Reinvention Blueprint was proposed for a phased implementation over fiscal years 1996-1998, with completion by fiscal year 1999. A key

provision of HUD's proposal was a reduction in HUD staffing to a level of only 7,500 full time equivalent (FTE) staff. In March 1995, HUD published further details on its reinvention proposal in a document entitled "HUD's Reinvention: From Blueprint To Action."

#### Additional OIG Streamlining Suggestions

Faced with the likelihood of HUD budget cuts in June 1995, the Secretary solicited the OIG for further reinvention ideas to better enable HUD to focus on its "core mission" within a reduced total budget. In responding to the request, OIG identified 14 primary mission components which could be assessed for opportunities to terminate programs that are not essential to HUD's core housing mission components. Many of these mission components and their corresponding programs duplicate or overlap with the primary mission and programs of other federal agencies, such as HUD programs for social services, disaster relief and economic development. No significant actions were taken with respect to curtailing HUD's existing mission components.

In addition to its mission analysis, OIG provided 21 other program streamlining and budget savings ideas for consideration by the Secretary and his Principal Staff. Further details were provided on items of particular interest to the Secretary, such as the elimination of HUD's Title I Home Improvement and Mobile Home Loan Insurance Programs, and the Nursing Home and Hospital Mortgage Insurance Programs. These programs are of questionable need in the market place, are not targeted to lower-income persons, are higher risk, and in the case of nursing homes and hospitals, are beyond HUD's expertise to effectively administer. Despite these arguments, HUD staff or Congressional contacts rationalized continuance of the programs, with HUD's promise to improve program administration. While the OIG also recommended elimination of the single family mortgage assignment program -- as a poorly administered and costly program that fails to meet its objectives -- this proposal was separately acted upon by the Congress.

#### Legislative Proposals

There are several pending legislative proposals that would consolidate and streamline HUD's program structure, and eliminate specific statutory provisions which have become a barrier to effective program delivery. These include:

- HUD's own "American Communities Partnership Act" proposal for implementing its Reinvention Blueprint, which is currently undergoing interagency clearance of revisions reflecting changes in HUD thinking

since the Spring of 1995.

- H.R. 2406, the "United States Housing Act of 1995," which would repeal the Housing Act of 1937 to: provide a clean slate in deregulating HUD's public and rental assistance housing programs, increase community control over such programs, and for other purposes.
- S. 1260, the "Public Housing Reform and Empowerment Act of 1995," which would reform and consolidate HUD's public and assisted housing programs, redirect primary responsibility for these programs from the Federal government to States and localities, and for other purposes.
- HUD's Fiscal Year 1996 Appropriations Bills, which would provide some interim statutory reform, pending more comprehensive program authorizing legislation, such as relief from federal preference rules in public and assisted housing, authorization of tenant-based assistance to convert obsolete public housing developments, and failure to separately fund many "boutique" programs as a step towards program consolidation.

#### HUD's Blueprint II Proposal

In January 1996, HUD updated its Reinvention Blueprint in a document entitled "Renewing America's Communities from the Ground Up - The Plan to Complete the Transformation of HUD." This updated effort has been referred to as "Blue II." The most significant programmatic changes in Blue II are:

- Revision of HUD's original proposal to voucher-out all public housing, in favor of improving existing public housing and tenant-based assistance program delivery through program consolidations and streamlining. There is also an emphasis on: getting tough on crime and mismanagement in public and assisted housing, tearing down and replacing the worst public housing developments, and changing rules to promote self-sufficiency and responsibility.
- Revision of HUD's originally proposed 3 performance-based funds to consolidate more than 20 existing programs into 3 different performance-based funds for:
  - Community Development Block Grants,
  - The HOME Fund, and
  - The Homeless Assistance Fund.



There are other significant "Blue II" changes dealing with HUD organizational issues, such as proposals to:

- Better define and provide for HUD's proposed communities-first, place-based program delivery concept,
- Redeploy 500 headquarters staff and 1,000 field staff,
- Close up to 10 of HUD's 81 Field Offices,
- Move towards service center operations, and
- Implement a paperless office concept on a pilot basis.

"Blue II" also summarizes HUD's reinvention accomplishments to date, which include:

- Consolidation of planning and application requirements for 12 community development programs,
- Operation of a single family mortgage insurance processing center pilot effort to demonstrate operational efficiencies,
- Sales of HUD-held mortgage notes to alleviate and improve asset servicing burdens,
- Special Workout Assistance Team (SWAT) efforts to crack-down on negligent landlords in HUD's multifamily housing programs,
- Necessary initial steps to improve the performance of "troubled" public housing agencies,
- Demolition of many of the most deplorable obsolete public housing developments to pave the way for better housing and neighborhood revitalization, and
- Concerted efforts to combat violent crime and drugs in public housing through the Operation Safe Home initiative,

In most respects "Blue II" does reflect a continuation of HUD's reinvention thinking, however, the fact remains that many elements of the proposal are still in the planning, development or pilot implementation stages.

**PROGRESS, BARRIERS AND CONTINUING REINVENTION NEEDS**

The aforementioned reinvention activities have served to: better define HUD's program delivery problems, foster constructive debate on alternative solutions, and develop strategies and plans for many needed improvements. Actual progress has been made in addressing some of HUD's worst case program problems, such as tearing down obsolete public housing developments, taking-over the management of long time troubled public housing agencies, and selling mortgage notes to alleviate inadequate HUD servicing. However, actual progress in improving HUD's overall program delivery structure has been slow and limited, and it is our opinion that current reinvention plans don't go far enough in bringing about the extent of changes needed. Let me elaborate on this statement.

The slow and limited nature of HUD's reinvention actions is attributed to many factors:

- First, the mere size and complexity of HUD's existing program delivery structure makes any substantive reinvention effort a multi-year endeavor under the best of circumstances. Given the wide range of social and program policy, budgetary, and values considerations at issue, unanimous agreement on a reinvention strategy will likely never exist. Consensus building is time consuming and unpredictable in a decision process which includes HUD management, employee Unions, OMB, the Congress, and their many respective constituencies. Even when decisions are made, implementation is generally hindered by the constraints of federal personnel policies and the budget process.
- Second, HUD management's reinvention strategies have not been comprehensive in assuring a proper alignment of its mission expectations, program delivery structure, and administrative capacity. The magnitude of existing imbalances in these three critically related factors warranted a "clean slate" approach to reinvention, with a possible reduction in mission focus, major streamlining of existing program structures, and corresponding reorganization and reallocation of available administrative resources. While a comprehensive approach to reinvention was needed, my previous discussion of HUD's reinvention efforts to date clearly indicates that they have been piecemeal and evolving.
- Third, critical management decisions on reinvention have been made without sufficient analysis and detailed planning to better assure the feasibility and benefits of decisions. This is particularly true of decisions regarding the role, level and distribution of administrative resources needed to carry-out proposed changes to HUD's mission focus and program delivery structure. Decisions to reduce overall staff levels to 7,500, and to redeploy 1,000 field

staff and 500 headquarters staff, were somewhat arbitrary. Furthermore, these decisions are being carried-out in a manner which tends to perpetuate the status quo, rather than to move HUD towards an intended new program delivery structure. While management has focused on managing FTE levels and planned attrition, there is insufficient focus on the program impacts and change needs resulting from these resource management decisions.

In effect, HUD remains a budget-driven organization in need of detailed planning of how it will carry-out its essential program functions with reduced resources. The lack of details makes it difficult for HUD to sell Congress on the short-term budget needs and long-term program benefits and savings of its reinvention proposals.

- Fourth, HUD's reinvention strategies have been subject to changes, as well as incomplete or inconsistent follow-through on some stated plans. For example, HUD's initial emphasis on more autonomous program cylinders was complicated by the subsequent introduction of a "place-based" program delivery concept. A planned reorganization of headquarters staff was supposed to be done simultaneously with that of the regional structure in 1993-94, but it is just now getting underway in 1996. Plans to consolidate program processes in service center operations appear to have been curtailed, with revised plans for a piecemeal implementation over time, rather than a complete national implementation, now. Also, HUD continues to retain many small categorical grant programs and special interest set-asides in its program streamlining proposals. Greater management discipline is needed to stick to stated strategies and carry-out formulated plans.
- Fifth, Congress has not yet passed many of the statutory change proposals that are essential to advancing HUD's reinvention agenda. HUD's own American Communities Partnership Act proposal was never introduced as a bill last year, and it is now undergoing further revision. While H.R. 2406 and S. 1260 would benefit HUD's public and assisted housing program delivery, action on these bills is also still pending. Even the interim legislative fixes attempted through HUD's fiscal year 1996 appropriations bills have been caught-up in the continuing resolution process. Statutory changes are necessary if HUD is to proceed with its plans for substantive program consolidation and simplification.
- Sixth, HUD and the Congress have been unable to develop and agree to a viable course of action for addressing the substantive program policy and cost issues associated with HUD's project-based assistance programs for multifamily housing. Project-based assistance programs

are vulnerable in that they lack normal market forces to assure housing is decent, safe and sanitary, and HUD lacks the resources to enforce its program requirements. The cost of these programs is a major budget issue for the Congress. HUD has to date lacked convincing support for its portfolio restructuring proposal, "mark-to-market." Project owners and tenant groups have strong influence on the Congress. Congress is buying time by approving short-term renewals of project-based assistance contracts until a long-term solution is approved.

- Lastly, HUD's ability to reinvent itself is largely contingent on its ability to provide needed improvements to certain pillars of its management infrastructure. In our last Semiannual Report to Congress we identified those pillars as: resource management, organizational structure, data systems, performance measurement, program streamlining and program enforcement. Strong and consistent management leadership is needed to strengthen HUD's management environment and assure that these pillars are adequately put in place as a foundation for the reinvention of HUD.

Mr. Chairman, that concludes my prepared remarks on the reinvention of HUD. I again thank you and the Subcommittee for this opportunity, and stand ready to answer any questions you may have.

## Appendix 1

### "Top 10 Management Issues Facing HUD"

#### SYSTEMIC ISSUES

1. Management Environment - HUD needs to improve its basic management environment and control structure - including its organizational structure, strategic and business area planning, and performance measurement and reporting systems - as a basis for improved program delivery.
2. Resource Management - HUD methods of formulating resource needs and allocating resources provided are inadequate for ensuring an efficient and effective use of resources towards maximizing program results and minimizing program risk and susceptibility to fraud, waste and abuse.
3. Data Systems - HUD does not have efficient, effective, and integrated financial management systems that can be relied upon to provide relevant, timely, accurate, and complete information as a basis for sound program oversight and management decisionmaking.

## PROGRAM ISSUES

4. Multifamily Asset Management - HUD's poor oversight of its insured multifamily housing projects, and lax management of HUD-held multifamily notes and properties, adversely impacts the FHA fund and intended low- and moderate-income program beneficiaries through increased loan defaults and physical deterioration of projects.

5. Single Family Asset Management - Management controls over HUD's multi-billion dollar Single Family property management and disposition activities are not adequate for preserving housing and safeguarding the financial interests of the government.

6. CPD Program Delivery - The delivery structure of CPD's significant programs for community development, housing and homelessness is detracting from, rather than assuring, an efficient and effective pursuit of program objectives.

7. Public Housing Agency Management - Significant continuing problems exist in the management and operation of Public Housing Agencies, precluding HUD from achieving its goal of providing decent, safe, and sanitary dwellings for low-income families.

8. GNMA Contract Management - With a limited staff and history of poor procurement and contract administration practices, GNMA has limited assurance that its extensive contract services are properly performed, and that claims for services are reasonable or valid.

9. Section 8 Budgeting and Accounting - HUD does not have an adequate system for tracking and controlling billions of dollars of long term Section 8 subsidy commitments, resulting in millions of dollars of incorrect or misdirected subsidy payments and difficulty in establishing program funding needs.

10. New Program Implementation - New programs pose a major challenge for HUD management to timely develop and implement plans for procedural, systems, staffing and other requirements for an efficient and effective program implementation.

## HUD/OIG STUDY OF "OPPORTUNITIES FOR TERMINATING, CONSOLIDATING AND RESTRUCTURING HUD PROGRAMS"

## SUMMARY OF OPTIONS AND ISSUES

### Comprehensive Market Analysis and Community Planning

## CPD

### Option 1: Four Block Grants

|           |            |          |        |
|-----------|------------|----------|--------|
| 1.        | 2.         | 3.       | 4.     |
| Community | Affordable | Homeless | Indian |
| Develop-  | Housing    | Grants   | Grants |
| ment      | Grants     |          |        |
| Grants    |            |          |        |

### Option 2: Three Block Grants

|             |            |        |
|-------------|------------|--------|
| 1.          | 2.         | 3.     |
| Community   | Affordable | Indian |
| Development | Housing    | Grants |
| Grants      | Grants     |        |

### Option 3: Two Block Grants

|             |        |
|-------------|--------|
| 1.          | 2.     |
| Community   | Indian |
| Development | Grants |
| Grants      |        |

### Option 4:

Targeted Revenue Sharing

### Issues:

- National Objectives
- Funding Levels
- Needs-Based Formula Allocations
- Set-Asides
- Performance Measures
- Performance Data Collection
- Performance Incentive Funding
- Targeted Technical Assistance
- Authority to Condition Grants

## HOUSING/FHA

### 3 Programs:

|               |             |              |
|---------------|-------------|--------------|
| 1.            | 2.          | 3.           |
| Single Family | Multifamily | Flexible     |
| Insurance     | Insurance   | Multifamily  |
| Program       | Program     | Preservation |
|               | Program     |              |

### Program Authorities:

One general program authority for each of the FHA SF and MF programs, with flexibility to develop needed sub-programs and instruments to serve

underserved housing markets and the needs of lower income and first time home buyers.

A Flexible MF Preservation Funding Program to replace existing Flexible Subsidy, Section 8 LMSA and Project-Based Contract Renewals, as well as the Prepayment/Preservation Programs, to provide a single flexible funding source to enable HUD to perform project by project analyses and tailored decisions on the most cost effective way to house existing residents and preserve existing stock.

Issues:

- Clear Mission/Objectives
- Housing Policy/Standards
- Market Needs/Share
- Current Organization vs GOE Status
- Business-like Flexibility in Program Structure, Budgeting, and Staffing
- Leadership Stability
- Strong Information Systems
- Program Cost/Benefit Analyses
- Performance Measures
- Capacity/Custodial Effort Needs

PIH

PH Options:

1. Phase-out PH Programs in Favor of Housing Block Grants to Communities
2. Single PHA Funding System
3. Single PHA Funding System Plus Capital Improvement "Backlog" Funding System
4. Single Capital Improvement/Development Funding System Plus Revised Operating Cost Funding System
5. Option 4 Plus a Capital Improvement "Backlog" Funding System
6. Single PH Funding System Plus a Single Special Needs/Services Funding Program
7. Option 6 Plus a Capital Improvement "Backlog" Funding System
8. Option 4 Plus a Single Special Needs/Services Funding Program
9. Option 5 Plus a Single Special Needs/Services Funding Program

Indian Programs Options:

1. Transfer All Indian Programs to Interior
2. Single Block Grant (same as CPD option)

Section 8 Tenant-Based Assistance

1. Shelter Cash Subsidy Program (Reconciled with Welfare Shelter Allowances)
2. Expanded Section 8 Voucher Program

### 3. Restructure Section 8 as a Rental or Homeownership Program

#### Issues:

- Stock Transition Concerns
- Decontrol and Deregulation
- Good and Small PHAs
- Flexible Stock Management
- Transitional Housing Role for PH
- Terminated Program Custodial Effort

#### OTHER

#### FHEO Options:

1. Retain FHEO enforcement, fund special efforts thru CPD block grants.
2. Transfer enforcement to FHA/ Housing, local efforts eligible under CPD block grants.
3. Transfer enforcement to DOJ, with local efforts eligible under CPD block grants.

#### Lead-Based Paint:

1. Transfer issue to EPA/HHS, limit HUD role to problems in its own stock.
2. Refocus HUD efforts on known problems and improved testing and abatement techniques

#### GNMA Options:

1. Eliminate GNMA in favor of GSE players
2. Make GNMA part of a new FHA GOE

.